ECONOMIC INDICATORS

ANNUAL SUPPLEMENT

HAWAII IN 1983: A Year-end Summary of Hawaii's Economic Indicators and Outlook for 1984

Overall Trends

Major economic indicators show that the Hawaiian economy experienced its first year of economic expansion in 1983 after two years of recession in 1981 and 1982. In 1983, the total volume of taxable transactions in the economy increased by 3.4 percent from $20.7 billion to $21.4 billion. Given the small increase in the Honolulu Consumer Price Index during the year of 2.2 percent, real growth in overall business activity experienced a moderate but positive increase of 1.2 percent. The fact that real growth in taxable transactions remained negative for three years prior to 1983 underlies the significance of the upturn in 1983. In 1980, 1981, and 1982, growth in taxable transactions stood at −1.7, −0.3, and −6.9 percent respectively, before turning positive in 1983.

Total personal income also saw strong growth by the third quarter of 1983 of 6.1 percent from $11.5 to $12.2 billion. Given the low inflation rate, workers enjoyed a 3.9 percent gain in real income. As in the case of business activity, real income gains in 1983 showed significant positive improvement over the years 1980, 1981, and 1982, when changes in real income stood at 1.8, −1.0, and 0.8 percent respectively.

Along with changes in income, employment appears to have shown moderate improvement. The civilian labor force saw a 2.8 percent increase over the year, while the average unemployment rate fell from 6.7 to 6.4 percent in 1983. Overall job counts also saw a moderate increase of 1.1 percent from 440,450 to 445,100 jobs. This followed much lower growth rates of 0.2 and −1.0 in 1981 and 1982. Unemployment insurance claims also fell dramatically. Intrastate claims fell by 17.9 percent, and interstate claims fell by 3.9 percent. While the total of unemployment insurance benefits increased slightly by 3.7 percent in 1983, this reflected the increased utilization of special programs such as the Federal Supplemental Compensation Program and the Disaster Unemployment Assistance Program, designed to assist those temporarily out of work because of Hurricane Iwa.

The increased economic activity in the state was also reflected in a strong increase in over-the-year tax revenues of 9.9 percent. This followed a decline in state tax revenues in 1982 of 4.3 percent: the first decline in over ten years. Monthly average saving deposits in commercial banks also increased by 12.8 percent from $5.0 to $5.6 billion in 1983, largely due to interest-rate incentives related to bank deregulation policies in 1983. While debits to demand deposits, in terms of the use of checking accounts, declined slightly by 0.3 percent, bank loans saw a significant increase of 2.3 percent, principally in the areas of commercial and industrial loans (5.4 percent), real estate loans (4.5 percent), and consumer loans (1.2 percent).

Interest-Rate Sensitive Sectors

The initial phases of the Hawaiian economic recovery was based in large part on consumer confidence that the economy was improving, particularly with the drop in interest rates and the surge of economic activity in the national economy through the first and second quarters of 1983. The first signals of an upturn in the Hawaiian economy were therefore in interest-rate sensitive sectors such as consumer durables and real estate. Automobiles saw a strong cumulative increase of 15.3 percent for the first time in 1983 after five straight years of negative growth. Real estate sales also saw strong growth in 1983. New sales of single-family units saw an increase of 19.4 percent in 1983, while new condominium sales increased by 112.7 percent in the same period. Both single-family units and condominiums were into their second year of positive growth after hitting low points in 1981. Furthermore, resales of single-family and condominium units saw their first upturn after three straight years of negative growth. Single-family units saw a cumulative over-the-year increase of 23.1 percent, and condominium resales increased 20.1 percent in the same period.

In terms of new construction being planned, permits authorized for single-family units were up by 45.3 percent, indicating continuing strength in the single-family housing market. Permits for multiple-family units and nonresidential construction, however, were still down by 32.5 and 6.6 percent respectively, indicating continuing perceptions of an oversupply in the investor markets for hotels, condominiums and commercial construction.

Construction

Given the early stage of Hawaii's economic recovery, improvements in the roughly $1.3 billion dollar construction industry have been positive, but still very tentative. In spite of the fact that construction was coming back from the largest annual deficit of −16.5 percent in over ten years in 1982, over-the-year increases for the industry in 1983 in terms of gross revenues stood at only 0.8 percent. Furthermore, these gains were primarily in nominal terms as construction costs for single-family homes and high-rise buildings increased by 6.6 and 8.8 percent respectively. However, the fact that income and employment in the construction industry saw moderate increases of 3.5 and 0.6 percent in 1983 indicates that some growth was occurring. According to the Department of Planning and Economic Development (DPED), that growth occurred principally in terms of single-family units (82 percent), and additions and alterations to existing housing units (192 percent). Multi-family *(continued on next page)*

RESEARCH DEPARTMENT
March/April 1984

FIRST HAWAIIAN BANK
Established 1858 • Member of F.D.I.C.

U.S. ECONOMIC INDICATORS

Series	Unit	Period	1983	1982	Percent Change 1982-83
GENERAL BUSINESS INDICATORS					
COMPOSITE INDEX OF LEADING INDICATORS*	1967 = 100	monthly average	156.1	136.8	14.1
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	quarterly average	3,310.8	3,073.0	7.7
In 1972 Dollars	bil. $	quarterly average	1,535.1	1,485.4	3.3
PERSONAL INCOME**	bil. $	monthly average	2,742.1	2,578.6	6.3
RETAIL SALES*	mil. $	monthly average	97,808	89,640	9.1
BANKING AND CREDIT					
DEBITS TO DEMAND DEPOSITS**	bil. $	monthly average	61,873.1	52,981.6	16.8
BANK LOANS*	bil. $	end of period	1,131.7	1,042.0	8.6
AVERAGE PRIME RATE CHARGED BY BANKS	percent	monthly average	10.79	14.86	−27.4
CONSUMER INSTALLMENT DEBT*	mil. $	end of period	381,504	339,316	12.4
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	monthly average	265.1	232.0	14.3
CONSTRUCTION COST INDEXES					
Residences	1967 = 100	monthly average	338.1	319.3	5.9
Apts. Hotel, Office Bldgs.	1967 = 100	monthly average	345.0	324.2	6.4
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	monthly average	100,834	99,526	1.3
UNEMPLOYMENT*	thous.	monthly average	10,717	10,678	0.4
UNEMPLOYMENT RATE*	percent	monthly average	9.6	9.7	1.0
PRICES					
CONSUMER PRICE INDEX (All Items)					
Urban Wage Earners and Clerical Workers (Revised)	1967 = 100	monthly average	297.4	288.6	3.0
All Urban Consumers	1967 = 100	monthly average	298.4	289.1	3.2
PRODUCER PRICE INDEXES					
Finished Goods*	1967 = 100	monthly average	285.2	280.7	1.6
All Commodities	1967 = 100	monthly average	303.1	299.3	1.3

*Seasonally adjusted.
**Seasonally adjusted at annual rates.

Sources:
General Business Indicators—U.S. Department of Commerce.
Banking and Credit—Board of Governors of the Federal Reserve System.
Construction—U.S. Department of Commerce. The American Appraisal Company.
Employment and Prices—U.S. Department of Labor, Bureau of Labor Statistics.

BUSINESS ACTIVITIES IN HAWAII

TOURISM					
OVERNIGHT OR LONGER VISITORS	number	total	4,357,184	4,242,916	2.7
Westbound	number	total	3,404,434	3,278,519	3.8
Eastbound	number	total	952,750	964,397	−1.2
AVERAGE DAILY VISITOR CENSUS*	number	monthly average	na	94,506	.....
AVERAGE LENGTH OF STAY*	no. of days	monthly average	na	10.5	.....
MEETINGS ATTENDANCE	number	total	211,764	166,790	27.0
ORGANIZED GROUP TOURS	number	total	772,734	691,105	11.8
NEIGHBOR ISLAND VISITORS*					
Maui	number	total	1,702,792	1,608,222	5.9
Hawaii	number	total	739,050	703,901	5.0
Kauai	number	total	717,143	760,549	−5.7
VISITOR ACCOMMODATIONS					
STATE	number	October	60,198	58,927	2.2
Oahu	number	October	35,761	34,610	3.3
Waikiki	number	October	31,846	30,106	5.8
Maui (includes 11 on Lanai)	number	October	11,960	11,327	5.6
Molokai	number	October	626	617	1.5
Hawaii	number	October	7,243	7,119	1.7
Kauai	number	October	4,608	5,254	−12.3
HOTEL OCCUPANCY					
STATE	percent	monthly average	69.73	70.46	−1.0

na = not available.
*Estimated Westbound.

construction was still down by 75 percent, and commercial-industrial construction was down by 6 percent. The reason for the current weakness in construction was attributed to a falloff in the investor-condominium market, which not only comprises a larger proportion of Hawaiian construction compared to the U.S. average, but is more elastic with respect to interest rates than the owner-occupant market. Also, the large existing inventory of condominium, office and commercial space depressed commercial and industrial construction during 1983. Thus, while the owner-occupant segments of the market moved ahead in response to interest-rate easing in 1983, the condominium and commercial-investor market continued to remain depressed.

Prospects for 1984 will depend on movements in long-term interest rates, and rates of absorption of existing inventories. Given expectations of an uptrend in rates through the year, the impact on real estate sales will probably entail a stabilizing and tightening of markets, particularly as expectations of rising interest rates become more widespread. Construction activity in the rental, condominium, and nonresidential sectors of the market will probably remain relatively inactive in the short-run as existing inventories are absorbed, while owner-occupied housing, will continue to show low to moderate growth.

On the other hand, further strengthening and deepening of the economic expansion process, in terms of increased employment and investment will also depend on the outlook for Hawaiian exports. The major industries are discussed below.

Tourism

The $3.7 billion tourism industry saw moderate growth in 1983 with an annual 2.7 percent increase in overnight and longer visitors from 4.2 to 4.4 million visitors. Westbound visitors, who constitute 77 percent of the total tourist market, were up by 3.8 percent reflecting the economic recovery in Canada and the continental United States. However, eastbound visitors, who comprise 23 percent of the visitor market, were down by 1.2 percent reflecting both the balance-of-trade effects of the high valuation of the dollar, as well as growing diversification and competition in the Japanese travel market.

The effect of the increase in travelers was salutary to the economy. Convention travelers and organized group tours increased by 27 and 12 percent respectively. At the same time, over-the-year increases in hotel revenues stood at 3.7 percent, while employment in hotel services statewide increased by 1.1 percent in 1983. While occupancy rates for the state remained roughly stable at 70 percent, hotel-unit inventories grew by 2.2 percent from 58,927 to 60,198 units. New hotel construction, however, remained relatively flat in 1983, indicating that while the industry is turning up, it is still in the early stages of improvement. Increased investment in hotel construction will have to await longer-term stabilization in demand. The fact that the industry grew in spite of increases in average air fares to their highest

BUSINESS ACTIVITIES IN HAWAII (cont.)

Series	Unit	Period	1983	1982	Percent Change 1982-83
HOTEL OCCUPANCY (continued)					
Oahu	percent	monthly average	75.83	78.01	−2.8
Maui	percent	monthly average	75.21	73.87	1.8
Hawaii	percent	monthly average	44.66	44.15	1.2
Kauai	percent	monthly average	57.15	57.23	−0.1
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	total	1,903.5*	1,701.8*	11.9
Military Payroll	mil. $	total	782.0*	701.7*	11.4
Civilian Payroll	mil. $	total	571.6*	521.5*	9.6
Local Purchases	mil. $	total	549.9*	478.6*	14.9
SUGAR					
SUGAR PRODUCTION	thous. tons	total	1,044	983	6.2
N. Y. RAW SUGAR PRICE	$/ton	monthly average	440.90	398.82	10.6
PINEAPPLE SHIPMENTS					
CANNED	mil. $	total	174.2	189.3	−8.0
FRESH	thous. lbs.	total	239,063	253,410	−5.7
DIVERSIFIED AGRICULTURE					
CROPS					
Flowers & Nursery Products[3]					
wholesale	thous. $	total	na	30,559	.....
Anthurium Cuttonments	th. dozens	total	1,720.1	1,743.7	−1.4
Potted Foliage[4]	thous. $	total	na	8,820	.....
Other[5]	thous. $	total	na	16,106	.....
Fruits & Nuts	thous. $	total	na	41,982	.....
Papaya Sales	th. lbs.	total	44,880	44,770	0.2
Average Farm Price	cents/lb.	monthly average	26.6	25.1	6.0
Macadamia Nut Sales (in shell)	th. lbs.	total	38,160	36,720	3.9
Average Farm Price	cents/lb.	monthly average	68.0	73.9	−8.0
Other[6]	thous. $	total	na	3,362	.....
Vegetable and Melon Production[7]	th. lbs.	total	67,800	55,620	21.9
Other Crop Sales	thous. $	total	na	8,453	.....
LIVESTOCK					
Beef Production (dressed wt.)	th. lbs.	total	31,398	28,526	10.1
Average Farm Price (feeder steer)	cents/lb.	monthly average	100.0	105.5	−5.2
Hog Production (dressed wt.)	th. lbs.	total	6,145	6,032	1.9
Average Farm Price	cents/lb.	monthly average	101.5	99.0	2.5
Milk Production	mil. lbs.	total	148.7	144.0	3.3
Average Price (sold to Plants)	$/100 lbs.	monthly average	20.11	20.59	−2.3
Egg Production	mil.	total	199.4	200.0	−0.3
Average Farm Price	cents/doz.	monthly average	84.8	86.3	−1.7
Other Livestock Sales[8]	thous. $	total	na	5,814	.....
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE	mil. $	total	1,334.1	1,323.9	0.8
PRIVATE PERMITS AUTHORIZED					
RESIDENTIAL					
STATE	thous. $	total	379,766	327,577	15.9
C&C of Honolulu	thous. $	total	213,083	202,722	5.1
Maui County	thous. $	total	38,814	35,771	8.5
Hawaii County	thous. $	total	56,853	61,056	−6.9
Kauai County	thous. $	total	71,015	28,027	153.4
SINGLE FAMILY UNITS					
STATE	number	total	3,276	2,255	45.3
C&C of Honolulu	number	total	1,567	695	125.5
Maui County	number	total	547	530	3.2
Hawaii County	number	total	880	800	10.0
Kauai County	number	total	282	230	22.6
MULTIPLE FAMILY UNITS					
STATE	number	total	2,031	3,008	−32.5
C&C of Honolulu	number	total	1,832	2,519	−27.3
Maui County	number	total	24	122	−80.3
Hawaii County	number	total	96	249	−61.4
Kauai County	number	total	79	118	−33.1
NONRESIDENTIAL					
STATE	thous. $	total	304,111	325,495	−6.6
C&C of Honolulu	thous. $	total	153,677	240,200	−36.0
Maui County	thous. $	total	52,435	54,933	−4.5
Hawaii County	thous. $	total	31,163	14,153	120.2
Kauai County	thous. $	total	66,835	16,209	312.3
PUBLIC CONTRACTS AWARDED					
TOTAL GOVERNMENT PROJECTS BY LEVEL OF GOVERNMENT	thous. $	total	274,965	391,587	−29.8

na = not available.
*Coast Guard figures not included.
[1]Gross taxable income valued at time of shipment.
[2]Potted foliage grown for indoor or patio use.
[3]Includes cut flowers, cut orchids, lei flowers, cut foliage, other potted plants, unfinished flower and foliage stock, and other nursery products.
[4]Includes avocadoes, bananas, guavas, oranges, passion fruit, and tangerines.
[5]Includes snap beans, cabbage, celery, sweet corn, cucumbers, lettuce, onions, green peppers, tomatoes, and watermelons.
[6]Includes coffee, taro, feed and forage crops, and forest products.
[7]Includes broilers and chickens, turkeys, sheep, wool, horses, honey, and beeswax.

levels in two and a half years in October of 1983 also attests to the strength of the current upturn. Easing of air fares in 1984 through increased airline competition, as well as continuing economic recovery on the Mainland, should have a beneficial impact on Hawaiian tourism, although increased interest rates will have a moderating influence on overall national growth. The expectation, therefore, is for a continuation and slight improvement over present trends, and an expected growth rate in total visitors of 3 to 4 percent in 1984.

Military Expenditures

Military expenditures, Hawaii's second largest industry at $1.9 billion in 1983, experienced a strong 11.9 percent increase over 1982. Of that total, military payrolls increased by 11.4 percent from $702 to $782 million, civilian payrolls increased by 9.6 percent from $522 to $572 million, and local purchases of goods and services increased by 14.9 percent from $479 million to $550 million, making that sector alone larger than Hawaii's entire sugar industry. Given the present Reagan Administration emphasis on military expenditures, as well as the growing importance of the Pacific Basin Region, it can be expected that military expenditures will continue to play an important role in the Hawaiian economy. The fact that total expenditures have been showing strong increases of 7.8, 9.6, and 18.2 percent between 1980 and 1982, furthermore, adds to the expectation that increases for 1984 should fall in the 10 to 12 percent range.

Sugar

Statistics for sugar showed significant improvements in both output and prices, providing some hope for an industry that suffered a $90 million loss in 1981, and a $1.6 million loss in 1982. Sugar production in 1983 stood at 1.04 million tons, up 6.2 percent from 1982. Factors leading to the increased productivity included higher yields due to improved farming practices, new, more robust cane varieties, and greater cost efficiency in harvesting and milling operations.

Prices for sugar also improved in 1983. The New York raw sugar price increased by 10.5 percent from an annual monthly average of 20.0 cents a pound in 1982 to 22.1 cents a pound in 1983. Price supports set by the Farm Act of 1982 were a crucial factor in maintaining domestic sugar prices. They shielded the American market from the estimated 15 million-ton world sugar glut prevalent during 1983, and the depressed world market price, which ranged beween 6 to 8 cents a pound.

The result was an improvement in year-to-year revenues of 15 percent from $369 million in 1982 to $423 million in 1983. However, total industry profits, which stood at $29 million, was dominated by the sale of molasses and electricity generated through the burning of bagasse, rather than by the sale of sugar. Thus, while near-term prospects for the overall industry remain optimistic, long-term survival of the industry is by no means assured without further improvements in productivity and yields.

BUSINESS ACTIVITIES IN HAWAII (cont.)

Series	Unit	Period	1983	1982	Percent Change 1982-83
PUBLIC CONTRACT AWARDED (continued)					
FEDERAL	thous. $	total	81,337	138,007	−41.1
STATE	thous. $	total	127,736	183,807	−30.5
COUNTY	thous. $	total	65,892	69,774	−5.6
BY LOCATION OF PROJECT					
C&C of Honolulu	thous. $	total	216,989	297,817	−27.1
Maui County	thous. $	total	29,943	45,790	−34.6
Hawaii County	thous. $	total	20,152	22,920	−12.1
Kauai County	thous. $	total	7,882	25,061	−68.6
HONOLULU CONSTRUCTION COST INDEXES					
SINGLE FAMILY	1967 = 100	monthly average	331.5	304.7	8.8
HIGH-RISE	1967 = 100	monthly average	352.1	330.3	6.6
REAL ESTATE					
OAHU: New Sales					
Single Family	number	total	966	809	19.4
Condominium	number	total	1,940	912	112.7
Resales					
Single Family	number	total	1,617	1,392	16.2
Average Price	dollars	monthly average	183,711	172,568	6.5
Condominium	number	total	2,049	1,867	9.7
Average Price	dollars	monthly average	103,596	104,103	−0.5
MAUI: Resales					
Single Family	number	total	185	103	79.6
Average Price	dollars	monthly average	155,095	134,969	14.9
Condominium	number	total	381	200	90.5
Average Price	dollars	monthly average	151,169	153,414	−1.5
HAWAII: Resales					
Single Family	number	total	378	281	34.5
Average Price	dollars	monthly average	91,796	96,784	−5.2
Condominium	number	total	127	58	119.0
Average Price	dollars	monthly average	95,535	123,200	−22.5
KAUAI: Resales					
Single Family	number	total	55	39	41.0
Average Price	dollars	monthly average	112,518	124,539	−9.6
Condominium	number	total	28	27	3.7
Average Price	dollars	monthly average	141,964	162,380	12.6
BUSINESS SALES					
GROSS BUSINESS RECEIPTS	mil. $	total	21,417	20,722	3.4
DIVERSIFIED MANUFACTURING	mil. $	total	502	544	−7.7
DIVERSIFIED AGRICULTURE	mil. $	total	222	177	25.3
RETAILING	mil. $	total	7,728	7,432	4.0
WHOLESALING	mil. $	total	5,289	5,276	0.2
SERVICES	mil. $	total	4,825	4,531	6.5
OAHU NEW CAR SALES	number	total	36,281	31,469	15.3
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	total	6,855	6,701	2.3
GAS SALES	th. therms	total	48,135	48,859	−1.5
TELEPHONE LINES IN SERVICE	thous.	end of period	458	445	2.9
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX					
Urban Wage Earners and Clerical Workers (Revised), All Items	1967 = 100	monthly average	273.5	267.6	2.2
All Urban Consumers, All Items	1967 = 100	monthly average	278.8	268.1	4.0

na = not available.

Sources:

Tourism—Hawaii Visitors Bureau, Pannell, Kerr, Forster.

Defense—Reports from various branches of the armed forces.

Sugar—Hawaiian Sugar Planters' Association.

Pineapple—Hawaii State Department of Taxation, Hawaii State Department of Agriculture.

Diversified Agriculture—Hawaii State Department of Agriculture.

Construction—Hawaii State Department of Taxation, Honolulu County Building Department, Hawaii, Kauai, and Maui County departments of public works.

Real Estate—Monitor Hawaii, Inc., Locations Inc., First Hawaiian Bank, Research Department.

Business Sales—Hawaii State Department of Taxation, Cardinal Mailing Services, Ltd.

Public Utilities—Hawaiian Electric Company, Inc., Citizens Utilities Company, Molokai Electric Co., Ltd., Gasco, Inc., Hawaiian Telephone Company.

Honolulu Prices—U.S. Department of Labor, Bureau of Labor Statistics.

Pineapple

After experiencing strong increases both in volume and farm value of production in 1982 of 5.3 and 10.8 percent respectively, the pineapple industry experienced a number of setbacks in 1983. Total volume of production fell 9.7 percent from 670,000 to 605,000 tons. Of that total, the volume of processed pineapple fell 10.5 percent, while fresh pineapple fell 6.2 percent. Prices, however, remained stable for processed pineapple at 4 cents a pound, while fresh pineapple prices increased slightly by 1.2 percent from 21.5 to 21.8 cents a pound. These improvements, however, did not prevent the total farm value of production from falling 7.6 percent from $99.5 to $92.0 million in 1983. In the meantime, acreage used for crops also declined by 2.8 percent while employment fell by 6.7 percent from 5,200 to 4,850 persons. Fortunately, however, in spite of the drop in production and farmgate sales, gross revenues to the industry did see a positive increase of 5.7 percent, growing from $207 million to $219 million in 1983. In addition to the sale of fresh and canned pineapple, as well as juice products, revenues to the industry received a strong boost from the sale of pineapple-based animal feeds and pharmaceutical products.

While some of the decline in pineapple production was attributable to cutbacks in pineapple production on Molokai and canning operations in Honolulu, unseasonably heavy rains took a heavy toll on the 1983 crop during the first quarter of 1982. Because pineapple is grown on a 16 to 18 month cycle, plantings that would have been harvested through the second and third quarters of 1983 were postponed, leading to temporary production shortfalls. Thus, improvements can most likely be expected in 1984. But, given the overall process of acreage, labor, and production cutbacks that the industry is currently experiencing, overall increases to the industry will be moderate in 1984.

Diversified Agriculture

While as yet small compared to sugar and pineapple, diversified agriculture is rapidly emerging as a significant factor in the Hawaiian economy, particularly in the Neighbor Islands. As of 1982, total diversified agricultural sales, including livestock products, totalled $182 million, or about 36 percent of total agricultural sales. Agricultural products alone totalled $104 million or 57 percent of total diversified agricultural crops. Of the agricultural products, export-oriented crops dominated total sales, as well as experienced the highest rates of growth. In 1982, macadamia nuts, papayas, and flowers and nursery products comprised 70 percent of agricultural sales.

RESEARCH DEPARTMENT
OFFICE OF THE CORPORATE SECRETARY

DR. GREGORY G. Y. PAI	Assistant Vice-President Research Supervisor
NORMA J. YUSKOS	Research Assistant
MARY I. KURAMOTO	Research Librarian
WENDY F. HIRAYAMA	Secretary

FIRST
Established 1858 • Member of

POPULATION AND PERSONAL INCOME IN HAWAII

Series	Unit	Period	1983	1982	Percent Change 1982-83
POPULATION					
DE FACTO—STATE	thous.	July 1, 1983	1,119	1,087	2.9
TOTAL RESIDENT—STATE	thous.	July 1, 1983	1,023	997	2.7
C&C of Honolulu	thous.	July 1, 1983	na	778	.....
Maui County	thous.	July 1, 1983	na	80	.....
Hawaii County	thous.	July 1, 1983	na	98	.....
Kauai County	thous.	July 1, 1983	na	41	.....
CIVILIAN RESIDENT—STATE	thous.	July 1, 1983	964	942	2.4
MILITARY PERSONNEL—STATE	number	July 1, 1983	59,021	61,107	−3.4
Ashore	number	July 1, 1983	53,755	54,184	−0.8
Afloat	number	July 1, 1983	5,266	6,923	−23.9
CIVILIAN DEPENDENTS OF MILITARY	number	July 1, 1983	66,252	66,709	−0.7
FOREIGN IMMIGRATION[1]	number	12 mo. total for period ending 12/83	5,363	6,573	−18.4
PERSONAL INCOME					
TOTAL PERSONAL INCOME[2,*]	mil. $	3-quarter average	12,223	11,517	6.1
Employment Income[3]	mil. $	3-quarter average	9,030	8,451	6.9
Manufacturing	mil. $	3-quarter average	433	428	1.2
Construction & Mining[4]	mil. $	3-quarter average	507	490	3.5
Wholesale	mil. $	3-quarter average	395	365	8.2
Retail	mil. $	3-quarter average	1,038	953	8.9
Finance, Ins. & Real Estate	mil. $	3-quarter average	620	548	13.1
Trans., Comm., & Util.	mil. $	3-quarter average	806	790	2.0
Services	mil. $	3-quarter average	1,901	1,762	7.9
Farm & Other	mil. $	3-quarter average	311	281	10.7
Federal Civilian	mil. $	3-quarter average	856	780	9.7
Federal Military	mil. $	3-quarter average	1,075	1,046	2.8
State & Local	mil. $	3-quarter average	1,088	1,009	7.8
Property Income (Dividends, Interest, Rent)	mil. $	3-quarter average	2,138	2,114	1.1
Transfer Payments (1,629) minus Personal Contributions For Social Ins. (573)	mil. $	3-quarter average	1,056	951	11.0
PER CAPITA PERSONAL INCOME					
STATE PER CAPITA	dollars	total	na	11,602	.....
PER CAPITA BY COUNTY					
C&C of Honolulu	dollars	total	na	na	.....
Maui County	dollars	total	na	na	.....
Hawaii County	dollars	total	na	na	.....
Kauai County	dollars	total	na	na	.....

na = not available.

**Total personal income and all components are seasonally adjusted at annual rates.*

[1]These immigration statistics include only those entering Honolulu ports and do not include status changes.

[2]Includes wage and salary disbursements, proprietors' income, and other labor income.

[3]Income from mining not shown separately to avoid disclosure of confidential information.

Sources:

Population—Hawaii State Department of Planning and Economic Development, U.S. Bureau of the Census, U.S. Immigration and Naturalization Service.

Personal Income—U.S. Department of Commerce, Bureau of Economic Analysis.

1983 was a good year for diversified agriculture. The industry saw the highest increase in gross business receipts of all industries of 25.3 percent, while income increased by 10.7 percent, and employment increased by 2.5 percent. Individual industries are discussed below.

Macadamia Nuts

The macadamia nut industry experienced a record harvest of 38 million pounds in the 1983 season which represented a 4 percent increase over the 36.7 million pounds produced in 1982. Favorable weather, higher yields per acre, and increased bearing acreage all contributed to the increases in harvest. Also, due to heavy investment commitments in 1979 and 1980, over 2,700 acres of seedlings were planted, resulting in a 30 percent increase over existing acreage. Those plantings are now beginning to produce quality crops, and should peak in 1989, substantially increasing overall production levels.

However, given the lag between market development and expansion in output, farm prices fell 8 percent from 74 cents a pound to 68 cents a pound in 1983. As a result, value of sales fell by 4 percent from $27.1 to $25.9 million in 1983, the first drop in eleven seasons. Thus, it is clear that the industry is moving into a classic situation of product surplus and price deflation. Long-run growth and consolidation in the industry will depend on an aggressive program of market expansion.

Prospects for macadamia nuts in 1984 will depend in large part on price movements. Increases in the volume of production can be expected to fall in the 4 to 6 percent range. However, prices also need to show significant increases in order for the industry to show a viable return on investment. Fortunately, efforts are under way by major producers to begin aggressive marketing campaigns both locally and in Mainland markets. If successful, the chances are good for significant growth and expansion for macadamia nuts in 1984.

Papayas

Papayas, recovering from the devastation of Hurricane Iwa, just about broke even in 1983 with volume of production increasing by less than one percent from 44.8 to 44.9 million pounds. Prices, however, held strong during the year, rising by 6.0 percent from 25.1 to 26.6 cents a pound. The result was an increase in the total value of production of 9.2 percent from $11.5 to $12.5 million in 1983.

However, because of the high volume of replantings after Hurricane Iwa, the papaya harvest is projected to increase to 75 million pounds, up an astonishing 67 percent over

HAWAIIAN BANK
F.D.I.C.

ECONOMIC INDICATORS is a bimonthly publication of the Research Department of First Hawaiian Bank. Replication or quotation of materials is permitted with appropriate source designations. References used for the statistics in the various series are listed in the footnotes. While efforts have been expended to insure accuracy, statistical reliability will depend on the sources used. For a free subscription, write to: Research Department, First Hawaiian Bank; P.O. Box 3200; Honolulu, Hawaii; 96847.

EMPLOYMENT AND UNEMPLOYMENT IN HAWAII

Series	Unit	Period	1983	1982	Percent Change 1982-83
EMPLOYMENT IN STATE AND COUNTIES (number of persons)					
STATE					
Civilian Labor Force	thous.	monthly average	473.0	460.0	2.8
Employment	thous.	monthly average	442.0	430.0	1.4
Unemployment	thous.	monthly average	30.0	31.0	−3.2
Unemployment Rate	percent	monthly average	6.4	6.7	−4.5
C & C OF HONOLULU					
Civilian Labor Force	thous.	monthly average	360.0	352.1	2.2
Employment	thous.	monthly average	339.4	330.5	2.7
Unemployment	thous.	monthly average	20.6	21.5	−4.2
Unemployment Rate	percent	monthly average	5.7	6.1	−6.6
MAUI COUNTY					
Civilian Labor Force	thous.	monthly average	43.3	42.2	2.6
Employment	thous.	monthly average	39.9	38.9	2.6
Unemployment	thous.	monthly average	3.4	3.3	3.0
Unemployment Rate	percent	monthly average	7.9	7.9	0.0
HAWAII COUNTY					
Civilian Labor Force	thous.	monthly average	46.6	45.5	2.4
Employment	thous.	monthly average	42.4	41.0	3.4
Unemployment	thous.	monthly average	4.3	4.4	−2.3
Unemployment Rate	percent	monthly average	9.1	9.8	−7.1
KAUAI COUNTY					
Civilian Labor Force	thous.	monthly average	22.0	21.3	3.3
Employment	thous.	monthly average	20.3	19.6	3.6
Unemployment	thous.	monthly average	1.7	1.7	0.0
Unemployment Rate	percent	monthly average	7.7	8.0	−3.8
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	monthly average	445,100	440,450	1.1
SUGAR (mill and field)	thous.	monthly average	8,250	8,550	−3.5
PINEAPPLE (cannery and field)	thous.	monthly average	4,850	5,200	−6.7
DIVERSIFIED MANUFACTURING (excluding sugar and pineapple)	thous.	monthly average	15,900	15,800	0.6
Durable Goods	thous.	monthly average	3,650	3,900	−6.4
Non-Durable Goods	thous.	monthly average	12,250	11,950	2.5
Apparel and Textiles	thous.	monthly average	2,900	2,850	1.8
DIVERSIFIED AGRICULTURE (excluding sugar and pineapple, but including agricultural self-employed)	thous.	monthly average	8,300	8,100	2.5
CONTRACT CONSTRUCTION	thous.	monthly average	17,950	17,850	0.6
TRANSPORTATION	thous.	monthly average	20,800	21,150	−1.7
COMMUNICATION	thous.	monthly average	7,500	7,500	0.0
UTILITIES	thous.	monthly average	2,450	2,550	−3.9
RETAIL TRADE	thous.	monthly average	87,600	86,350	1.4
WHOLESALE TRADE	thous.	monthly average	18,150	18,500	−1.9
FINANCE, INSURANCE AND REAL ESTATE	thous.	monthly average	31,600	31,500	0.3
HOTEL SERVICES—STATE	thous.	monthly average	26,800	26,500	1.1
Honolulu County	thous.	monthly average	14,850	14,700	1.0
Maui County	thous.	monthly average	6,200	6,350	−2.4
Hawaii County	thous.	monthly average	3,550	3,250	9.2
Kauai County	thous.	monthly average	2,200	2,200	0.0
OTHER SERVICES	thous.	monthly average	77,050	74,700	3.1
FEDERAL GOVERNMENT	thous.	monthly average	32,100	31,500	1.9
Civilian Agencies	thous.	monthly average	11,250	11,100	1.4
Defense Department	thous.	monthly average	20,850	20,400	2.2
STATE GOVERNMENT	thous.	monthly average	45,650	45,650	0.0
COUNTY GOVERNMENT	thous.	monthly average	13,300	13,150	1.1
UNEMPLOYMENT INSURANCE CLAIMS AND PAYMENTS					
INSURED UNEMPLOYMENT (weekly average)	number	monthly average	15,497	14,137	9.6
INTRASTATE INITIAL CLAIMS	number	total	73,566	89,561	−17.9
INTERSTATE INITIAL CLAIMS	number	total	4,701	4,893	−3.9
UNEMPLOYMENT INSURANCE BENEFITS	thous. $	total	83,604	80,653	3.7

Sources:
Employment, Job Count, and Unemployment Insurance—Hawaii State Department of Labor and Industrial Relations.

1983. Also, total papaya farm income is expected to increase to $17 million in 1984, up 44 percent from 1983. But, concern throughout the industry is great that, like the macadamia nut industry, the oversupply of papayas may in fact cause a drop in prices and overall loss to the industry. Strong efforts are now under way by the industry to increase promotional efforts to expand Mainland, Canadian, and Japanese markets. These efforts will be critical in maintaining the world market price for papayas, and ultimately the long-term survival of the industry.

Flowers and Nursery Products

As a total industry, flowers and nursery products constitute the largest sector in diversified agriculture. Total value of sales for the industry stood at $30.6 million in 1982, which represented a 3.6 percent increase over 1981. Composition of the industry in 1982 included: potted plants, at $14.1 million or 46 percent of total output; cut flowers and foliage, at $10.1 million or 33 percent of total output; lei flowers, at $3.5 million or 11 percent of total output; and all others at $2.9 million or 9 percent of total output. The major export crops include potted foliage plants, which came to $8.8 million in 1982 or 29 percent of total sales, and anthuriums, which came to $5.6 million, or 18 percent of total flower and nursery product sales in 1982. In spite of adverse weather throughout the year, and a generally sluggish economy, 1982 was a very good year for flowers and nursery products. A surge in potted foliage plants during the second half of the year resulted in a 21 percent increase from the previous year and a strong boost for total industry sales. Although the number of anthuriums decreased for the second year in a row, stronger prices resulted in a 5.7 percent increase in the value of sales.

Data for 1983 reveal that total shipments of anthuriums saw a decline of 1.4 percent during the year. However, this also represented a shift in markets as sales to the Mainland increased by 11.3 percent and sales to foreign countries declined by 8.8 percent. Of total anthurium production, 42 percent is shipped to the Mainland, while 58 percent is shipped to foreign countries. Of the foreign shipments, only the Japanese market increased by 6.0 percent, while European markets declined by 16.8 percent. The primary reason has been the high currency valuation of the dollar relative to European currencies. Thus, sale promotional campaigns have begun to focus more on the Mainland markets. Furthermore, as European and Japanese currencies gain in relative value to the American dollar, foreign exports of anthuriums can be expected to grow. Thus, overall, prospects in 1984 for the anthurium industry look positive.

Livestock Products

In 1982, the total value of livestock products stood at $78.3 million. The major sectors of the livestock industry include: beef production which accounted for $27.6 million or 35 percent of total sales; milk production which accounted for $21.9 million or 28 percent of total sales; eggs, which ac-

PUBLIC ASSISTANCE IN HAWAII

Series	Unit	Period	1983	1982	Percent Change 1982-83
PUBLIC ASSISTANCE					
RECIPIENTS[1]					
Income Maintenance	no./persons	monthly average	64,018	65,170	−1.8
Services	no./cases	monthly average	6,795	6,720	1.1
Medical	no./patients	monthly average	51,849	50,095	3.5
Food Stamps	no./persons	monthly average	101,265	97,917	3.4
PAYMENTS					
Income Maintenance	thous. $	total	107,720	108,998	−1.2
Services	thous. $	total	14,374	14,561	−1.3
Medical	thous. $	total	167,612	149,307	12.3
Food Stamps	thous. $	total	80,425	71,218	12.9

[1]Count of recipients is duplicated. A person may be counted in each category.

Sources:
Public Assistance—Hawaii State Department of Social Services and Housing.

BANKING AND FINANCE IN HAWAII

FINANCE					
COMMERCIAL BANKS					
Total Deposits					
STATE	mil. $	monthly average	5,596	4,962	12.8
Honolulu County	mil. $	monthly average	4,619	4,121	12.1
Maui County	mil. $	monthly average	350	307	13.8
Hawaii County	mil. $	monthly average	415	360	15.3
Kauai County	mil. $	monthly average	212	174	22.0
Debits to Demand Deposits					
STATE	mil. $	total	89,147	89,384	−0.3
Honolulu County	mil. $	total	82,035	82,247	−0.3
Maui County	mil. $	total	2,997	3,112	−3.7
Hawaii County	mil. $	total	2,865	2,915	−1.7
Kauai County	mil. $	total	1,251	1,110	12.7
Loans Outstanding	mil. $	quarterly average	3,671	3,587	2.3
Real estate	mil. $	quarterly average	1,639	1,568	4.5
Consumer	mil. $	quarterly average	814	804	1.2
Commercial & Industrial	mil. $	quarterly average	1,092	1,035	5.4
Other	mil. $	quarterly average	127	180	−29.3
SAVINGS & LOAN ASSOCIATIONS[1]					
Total Deposits	mil. $	total	42,673	na	.....
Loans	mil. $	total	546	na	.....
Residential	mil. $	total	302	na	.....
Other	mil. $	total	244	na	.....
STATE TAX COLLECTIONS[2]					
TAX COLLECTIONS—STATE	thous. $	total	1,264,669	1,150,501	9.9
Honolulu County	thous. $	total	1,108,183	1,023,001	8.3
Maui County	thous. $	total	68,217	52,850	29.1
Hawaii County	thous. $	total	65,787	52,485	25.3
Kauai County	thous. $	total	22,481	22,165	1.4

[1]Includes data for both Hawaii and Guam.
[2]Excludes property taxes which were formerly collected by the State but are now collected by the Counties.

Sources:
Finance—Hawaii State Department of Commerce and Consumer Affairs. Federal Deposit Insurance Corporation reports. Federal Home Loan Bank of Seattle.
State Tax Collections—Hawaii State Department of Taxation.

counted for $14.5 million, or 18 percent of total sales; pork, which accounted for $8.5 million or 11 percent of total sales; and broilers and chickens, which accounted for $5.2 million, or 7 percent of total sales. According to the Department of Agriculture, 1982 was not a good year for livestock products. Almost every segment of the livestock industry was affected by a decline in either production or value of sales. As a result, cash receipts for 1982 were 11 percent below 1981, and at the lowest level since 1978. This was the first year-to-year decline in cash receipts since 1965.

The picture for 1983 appeared to represent some improvement over 1982, although trends varied for different products. The cumulative dressed weight of marketed beef saw a strong increase of 10 percent from 28.5 to 31.4 million pounds. However, monthly average feedlot beef prices fell by 5.2 percent over the year, moderating the gains achieved in terms of dressed weight. Milk production also experienced a moderate gain in production of 3.3 percent from 144 to 149 million pounds, but that was partially offset by a slight decrease in price per hundred weight of 2.3 percent. The increase in output was due primarily to higher milk output per cow, as the number of cows remained stable at roughly 12,500. Egg production, on the other hand, experienced declines both in volume of production, which fell by 0.3 percent from 200 to 199 million eggs, and in terms of prices which fell by 1.7 percent from 86.3 to 84.8 cents a dozen. Reasons for the shortfall in local egg production were attributable to reductions in egg-laying chickens, while the slight decline in price resulted from increased competition from imported Mainland eggs. According to the Hawaii Agriculture Reporting Service, local egg producers accounted for about 90 percent of the egg market before 1982. But by 1983, that percentage dropped to roughly 75 percent. On the other hand, hog production in the state experienced increases both in volume of output as well as prices. Total pork production increased by 6.1 percent from 6.0 to 6.1 million pounds dressed weight. Monthly average prices also saw a 2.5 percent increase from 99.0 to 101.5 cents a pound leading to positive revenue gains to the industry. However, the year ended with a record low inventory of 48,000 hogs, compared with 49,000 in 1982. The breeding herd remained the same at 7,000 head, but market hogs totalled 41,000 head, 2.4 percent fewer than in 1982.

Diversified Manufacturing

Trends in diversified manufacturing for 1983 were mixed. As an industry, excluding sugar and pineapple processing, diversified manufacturing accounted for about $502 million in gross revenues in 1983. Industries included in diversified manufacturing include food processing other than sugar and pineapple, the garment industry, construction materials, paper, machinery and equipment, chemical and petroleum refining, furniture, and other smaller manufacturing industries.

During 1983, gross revenues to the industry declined by 7.7 percent, falling from

$544 million to $502 million. On the other hand, employment income to manufacturing employees managed to remain stable with a slight increase of 1.2 percent. Job counts also remained stable, edging upwards slightly by 0.6 percent. Nondurable goods such as food processing, garments and textiles, printing and publishing, and petroleum and chemical products, saw an increase in employment of 2.5 percent, rising from 11,950 to 12,250 jobs in 1983. Of the nondurable goods industries, textiles and apparel experienced a 1.8 percent increase in jobs of 1.6 percent. Durable goods industries, however, experienced a decline in employment of 6.4 percent falling from 3,900 to 3,650 jobs. However, because the smaller proportion of durable as opposed to nondurable industry jobs, the decrease was not enough to offset employment increases to the industry as a whole.

Trade and Services

While not generally considered a "basic" industry to the extent that its products are not exported out of state, over the years the trade and service industries have come to occupy a major position in the Hawaiian economy. While much of this growth is related to the growth of tourism, much also is in response to the growing consumption needs of a rapidly expanding population with a comparatively high standard of living. For example, in 1979 according to the U.S. Bureau of Census, Hawaii ranked 11th across the country in terms of per capita income, while ranking *second* across the country in median household income. On the other hand, Hawaii ranked 9th across the country in terms of retail sales per capita. Thus, in terms of income and consumption, on a per capita basis, Hawaii falls in the top ten percent nationwide.

The effects on the economy have been profound. Trades and services (including hotel services) accounted for 83 percent of total gross business revenues in 1983. Trades and services also accounted for 44 percent of all employment income, and 54 percent of all the jobs in the state. To a large extent, the growth of trades and services has also contributed to the growing transformation of the structure of the economy into a small-business economy, and away from the large agriculturally-oriented enterprises of a generation ago.

Recent trends in the industry have been strong. Boosted by the overall national economic recovery, gross revenues to the retail, wholesale, and service industries grew by 4.0, 0.2, and 6.5 percent respectively in 1983. Personal income in these industries also made strong gains. The retail and wholesale trades grew by 8.9 and 8.2 percent respectively, while finance, insurance and real estate grew by 13.1 percent, and other services grew by 7.9 percent. Growth in jobs, while more moderate, was still positive. Retail trade expanded by 1.4 percent, while wholesale trade declined slightly at 1.9 percent. Finance, insurance and real estate, however, grew slightly by 0.3 percent, while hotel services and other services expanded by 1.1 and 3.1 percent respectively. Overall, gross revenues to trade and services increased by 3.5 percent, incomes increased by 9.0 percent, and jobs increased by 1.5 percent. Prospects for 1984 look good, given the continuation of the national economic recovery, for continuing strength and moderate but stable growth in trades and services.

Government

Aside from the military, civilian government employment, both federal as well as state and county plays an important role in the Hawaiian economy. In 1983, civilian federal and state and county employees accounted for 16 percent of the total labor force. If military personnel were included, total government employment would come to 20 percent of the total labor force. Civilian government employment also accounted for 22 percent of total employment income in the state.

This significant presence of government activity is also high by national standards. In 1981, according to the U.S. Bureau of the Census, Hawaii ranked in the top ten percent nationwide for both federal, state, and local activity. For example, Hawaii ranked *second* in federal government expenditures per capita, 9th in terms of state and local government expenditures per capita, and 4th nationwide in terms of state and local tax revenues per capita. Thus, government in Hawaii has and will continue to play a substantial role in the economy.

This is also supported by recent trends. In 1983, income to civilian federal government employees increased by 9.7 percent, while income to state and local government employees increased by 7.8 percent. Total civilian government income increased by 8.7 percent from $1.8 to $1.9 billion dollars. Jobs also saw moderate growth in 1983. Civilian federal government employees increased by 1.4 percent, while state and county government employees increased by 0.3 percent. County government employees alone grew by 1.1 percent. In all, government jobs increased by 0.4 percent. While it is true that civilian government employment is not an economic activity to the extent that it is affected by market dynamics as other industries, it does play a significantly important role in the economy with respect to income and employment. Given its historically strong presence in the economy, there is every reason to believe that it will continue, at least in the near-term future.

Conclusion

Looking at the "basic" or export sectors of the economy, such as tourism, military expenditures, sugar, pineapple, and diversified agricultural products and diversified manufacturing, as well as the "nonbasic" or support sectors of the economy such as real estate and construction, trade and services, and government, the evidence for 1983 shows a firmness and strengthening in the support sectors, and growth and expansion in the export sectors. In the support sectors, real estate, trade, services, and government showed consistent strength in revenues, income, and employment. For the real estate and trade industries, this reflected the loosening effects of lower interest rates in 1983, while growth in services reflected increased consumer demand as well as expansion in the tourism industry. The only industry that did not show significant improvement was construction, due to the early stages of the Hawaiian economic recovery, and continuing inventories of condominium and nonresidential construction. On the other hand, with the possible exception of diversified manufacturing and pineapple, which suffered temporary seasonal setbacks, all major basic export industries showed moderate to substantial growth.

Thus, given strong and sustained economic recovery at the national level through 1984, expanding employment and investment opportunities for labor and capital, as well as expanding opportunities for the major export sectors, there is every indication that 1983 was a transition year, and that Hawaii is moving into a period of moderate but sustained growth. While it is clear that Hawaii's present growth cycle will not be as spectacular as in the late sixties and seventies, it is also clear that Hawaii is moving away from the recessionary years of 1981 and 1982. Also, the present recovery appears to be more broad based, particularly with the increasing contribution of diversified agriculture, and trades and services. Thus, with a new period of growth beginning, there is every hope that the present recovery, while more moderate than past recoveries, will also be more diversified, and more stable.

RESEARCH DEPARTMENT

FIRST HAWAIIAN BANK

Established 1858 • Member of F.D.I.C.